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# AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE DIVISION OF COOPERATIVE MARKETING.  
BUREAU OF AGRICULTURAL ECONOMICS, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

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## COOPERATIVES HAVE A MEMBERSHIP OF THREE MILLION

Three million members, shareholders, shippers, consignors, and patrons, are credited to the 11,400 active cooperative associations, according to a preliminary estimate by the U. S. Department of Agriculture. This is a larger figure, by 300,000, than that given for the 10,803 associations listed by the Department in 1925. Some of the increase is because of the larger number of associations listed, but the greater part is due to including patrons, shippers and consignors, as well as legal members and shareholders, in making up the membership figures. The gains because of including all participants in the cooperative enterprises, amount to more than 775,000. Had there not been losses in membership since 1925, of more than 475,000, chiefly in the cotton and tobacco groups of associations, the total membership to-day would be materially larger than the estimated 3,000,000.

The estimates for a number of the larger groups of organizations are as follows: grain marketing associations, 900,000 members; associations marketing dairy products, 600,000; associations shipping and marketing livestock, 450,000; associations marketing fruits and vegetables, 215,000; cotton marketing associations, 140,000; associations marketing miscellaneous products, 190,000; associations buying farm and farm-home supplies, 398,000.

Approximately 70 per cent of the total membership is in the twelve North Central States, compared with 53 per cent in 1925, and 55 per cent in 1915. Less than 12 per cent of the membership is now in the Southern States, compared with 30 per cent in 1925 and 16 per cent in 1915. The Pacific Coast States are of about the same relative importance, in regard to membership, as in 1925.

Minnesota continues at the head of the list of states, with Iowa second, and Illinois third. More than one-half of the total membership is in seven states and two-thirds in eleven states.

The membership figure of 3,000,000 does not mean that number of individuals are participating in the activities of the various associations. Many farmers hold memberships in two associations, some in three, and a few in four and five. The number of different individuals in the 11,400 associations is estimated as 2,000,000.

MILK PRODUCERS BUYING A DISTRIBUTING COMPANY

Members of the Cooperative Pure Milk Association, Cincinnati, O., delivered 85,036,098 pounds of milk during the fiscal year ending March 31, 1928. This was a slightly smaller quantity than for the preceding year. The returns to members, however, were more than \$100,000 greater than for the 1926-27 season, being \$2,286,379 for the past year. The average price paid producers for milk delivered during 1927-28 was \$2.6887 compared with \$2.569 for the preceding year.

In addition to milk and sweet cream the members delivered 74,142 pounds of butterfat in sour cream for which they were paid \$34,291, an average price of 46.25 cents a pound. The preceding year the members were paid \$41,923 for 93,645 pounds of butterfat which was at the rate of 44.77 cents a pound.

Deductions for capital, to be covered by certificates of indebtedness, amounted to \$170,373 during the 1927-28 business year. The association's investments were increased during the year by the purchase of the assets of two ice cream companies and by the payment of \$157,564 for capital stock of the French Brothers-Bauer Company, a milk distributing enterprise. The milk association now owns about 53,800 shares of the stock of the distributing company, which shares are valued at more than \$1,100,000.

The Cooperative Pure Milk Association enjoyed a gain in membership during the year. One hundred twenty-six new members were received, 36 persons withdrew and the contracts of six members were cancelled by action of the board of directors.

The development of this producers' cooperative enterprise during the last four years is indicated by the following figures:

Year ending March 31	Milk delivered by members		Members' equity*
	Pounds	Value	
1924-25	109,327,018	\$2,445,830	\$ 705,778
1925-26	94,006,858	2,333,997	905,075
1926-27	85,079,969	2,185,720	1,069,268
1927-28	85,036,098	2,286,379	1,277,153

\* Largely covered by certificates of indebtedness.

By action of the stockholders at the last annual meeting held June 14, 1928, the fiscal year was changed to correspond with the calendar year and the date for the annual meeting changed to the third Thursday in April.

A REVOLVING FUND OF TWELVE MILLION DOLLARS

The forty-odd thousand milk producers who use the marketing facilities of the Dairymen's League Cooperative Association, Inc., New York City, have a capital investment in the enterprise of about \$12,000,000. This investment varies from year to year, according to gross sales, per cent of deduction made for capital purposes, and the amount of capital refunded through the redeeming of certificates of indebtedness.

At the close of each fiscal year certificates of indebtedness are issued to cover the deductions made for capital during the year. These certificates bear 6 per cent interest, payable annually, and the certificates themselves become due at the end of five years. The certificates issued at the close of the 1921-22 year were redeemed in 1927 and those issued for deductions made during the 1922-23 year were paid as of May 1, 1928. In numerous instances certificates have been redeemed before they were due, thus reducing interest charges and reducing the final payment.

The amount of outstanding certificates at the close of the various years, the deductions for which certificates were to be issued, and the total investments by members in the capital of the company, are given below:

Year ending March 31	Capital investments by members*		
	Outstanding certificates of indebtedness	Deductions to be covered by certificates	Total capital investments
1922	\$ 1,148,338	\$4,307,727	\$ 5,456,065
1923	5,261,791	4,622,580	9,884,371
1924	9,684,624	2,562,716	12,247,340
1925	10,855,831	1,762,570	12,618,401
1926	9,870,410	2,269,059	12,139,469
1927	10,951,062	2,480,546	13,431,608
1928	9,010,661	2,697,570	11,708,231

\* Compiled from annual reports.

Returns for milk delivered are made to participating members by thirteen checks, one for each of the twelve months, and a thirteenth check for the balance due after the closing of the books for each business year. The final disbursement for the 1927-28 year amounts to \$121,221, and is being distributed among 41,022 pooling members at the rate of 0.5 cents per hundredweight of milk delivered.

THIRTY-TWO YEARS OF COOPERATIVE BUTTER MAKING

For more than thirty-two years the farmers around Scandinavia, Wis., have had their own cooperative creamery. Since the organization of the enterprise in 1895 the farmers have furnished the raw material for making more than 11,000,000 pounds of butter and have received for their efforts about \$3,640,000.

This cooperative enterprise, was organized as the Silver Lake Cooperative Creamery Association, but was reorganized in 1923 under the name of Scandinavia Creamery Company. Its membership has increased during the years until it is now about 175.

The first year of operation but 84,317 pounds of butter were made and the average price for the year was 15.3 cents a pound. The fifth year 212,071 pounds of butter were made and the average price was 21.1 cents. The output of the creamery increased fairly regularly, until 1924, when it was 479,182 pounds. The price to farmers for butterfat also advanced year by year from 1896 to 1920, when the average price for the year was 70.7 cents. Since 1920 the payments to producers have been on the basis of prices ranging from 45 to 55 cents.

The average quantity of butter produced annually for five-year periods since 1896 and the average of the yearly prices for the different periods are as follows:

Period	Average pounds of butter made	Average of yearly prices
1896-1900	145,139	18.2
1901-1905	294,079	22.6
1906-1910	339,217	28.5
1911-1915	372,236	34.7
1916-1920	417,499	57.6
1921-1925	453,905	50.3
1926	459,498	50.9
1927	461,830	55.1

Members of the association are furnished with detailed printed reports at the close of each year. These give the important facts regarding the operation of the creamery by months.

During the greater part of the 32 years the creamery has been managed with sufficient efficiency to permit paying to the members 96 and 97 per cent of the money received from the sale of butter.

MONTANA FARMERS' ELEVATOR PAYS PATRONAGE DIVIDENDS

Net earnings of \$90,301 tell the story of the Equity Cooperative Association of Phillips County, Malta, Mont., for the year ending May, 31, 1928. Of the total amount, \$80,803 came from the handling of grain binder twine, flour, feed, and coal, while \$9,498 came from the operation of an oil station. Nearly 70 per cent of the total earnings were derived from the handling of wheat. An eight per cent dividend on the \$25,625 of outstanding capital stock was declared at the close of the business year, also patronage dividends as follows: wheat, 15 cents a bushel; flax, 10 cents a bushel; corn, 10 cents a bushel; oats, 5 cents a bushel; flour, 25 cents a hundredweight; coal, 50 cent a ton; lubricating oil, 2 cents a gallon; grease, 3 cents a pound.

This association was formed in 1916. Its activities were but fairly successful for the first few years, during which period the first elevator and equipment were destroyed by fire. Beginning with 1920 there have been net earnings for every year. These amount to more than \$167,900 for the nine-year period. About a year ago a gasoline station was purchased for \$5,000, which enterprise produced more than \$9,000 of net earnings the first business year.

The growth of the association since 1922, as indicated by the reports filed with the United States Department of Agriculture, has been as follows:

Year ending May 31	Sales	Net earnings	Net worth
1922	\$201,918	\$ 7,156	\$ 29,579
1923	215,263	7,828	34,608
1924	171,627	8,428	30,697
1925	317,599	16,848	44,015
1926	275,334	11,614	45,839
1927	291,421	10,241	47,120
1928	-----	90,301	129,703

This marketing association is a strictly cooperative enterprise. It is organized under the Montana cooperative law, with provision for only one vote for each stockholder and with a limitation of 8 per cent dividends to stockholders in addition to patronage dividends. The greater part of the grain received is cleaned that it may be sold so as to bring the grower the best possible price. Grains are also mixed to meet grade requirements. About 10 per cent of the grain received is sold on track, a similar amount is sold to arrive, and about 80 per cent is consigned for sale in the terminal markets.

COLORADO POTATO GROWERS START NINE-YEAR PROGRAM

Thirty-six trustees representing 18 local units attended the fifth annual meeting of the Colorado Potato Grower's Exchange, held recently at Denver. Upon this meeting devolved the responsibility of bringing to a close the activities under the original five-year marketing contract and starting activities under the new nine-year contract. Already 23,500 acres of potatoes are under contract, which acreage assures the Exchange of an adequate volume of business for the coming marketing season.

The shipments made by the units of the Exchange for the past five years are reported as follows: 1923 crop, 5,006 cars; 1924, 4,114; 1925, 5,660; 1926, 5,269; 1927, 6,969 (to May 31).

It is proposed to have as large a percentage as possible, of the potatoes handled by the Exchange, put through the warehouses that only graded and inspected stock may be shipped to market.

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PLANS FOR STIMULATING CONSUMER DEMAND

Methods are being developed by the Yakima Fruit Growers' Association, Yakima, Wash., for making the fruits produced by its members more acceptable to consumers. A recent development is the movement of soft fruits from the orchard to the retailer at low temperatures. Immediately following the harvesting of the fruit, all orchard heat is removed and the fruit is held at a sufficiently low temperature to prevent deterioration. All grading and packing is done in chilled rooms after which the fruit is forwarded to market in refrigerator cars.

Another development is the sizing of cherries. Whereas in the past, cherries were sold as they came from the trees, now they are sorted into four sizes according to the number of cherries that it takes to make a pound, and each size is packed with suitable markings on the packages. It is pointed out by the management that this method of marketing will make it profitable for growers to produce the larger sizes of cherries. The management expects to handle 160 cars of cherries this season.

A third effort in behalf of better returns for the growers consists in the formulating of a campaign for the stimulation of consumer demand for Yakima Valley peaches. The association has joined with other organizations in the development of an advertising campaign to be financed by a charge of one-half cent a packed box. There are three objects to the advertising program. First, to advise consumers that the Yakima Valley associations are able to supply their needs; second, to urge home canning; and third, to stimulate consumption at the time the peach harvest is at its height.

WOMEN TAKE ACTIVE PART IN COOPERATION

The Saskatchewan Egg and Poultry Pool is an organization operated almost entirely by women. Its board of six members include four women, and its membership of 18,000 is made up largely of farmers' wives. The president, and the guiding genius of the organization is a woman.

The poultry business in Saskatchewan is conducted almost exclusively as a side line to grain production. It is carried on by the women folk not only to give them some "pin money" but also to supplement the farm income. In regions and years of light crop, the income derived from poultry and eggs has paid the grocery bills for many families.

The association, in 1927, handled 70 per cent of the eggs marketed in the province of Saskatchewan and about 86 per cent of the eggs exported. The total volume of business handled by the association amounted to \$721,329, which is nearly \$200,000 in excess of the previous year's business.

Considerable interest has been shown in this association because of the fact that it was organized by farm women and operates mainly in their interests. It is probably the largest cooperative marketing association in point of membership which is operated by women.

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SELLS EGGS AND POULTRY AND BUYS SUPPLIES

The Fresno Poultrymen's Cooperative Association, Fresno, Calif., was organized in August of 1924 by about sixty poultry producers. It began marketing eggs and live poultry on August 11 of that year, making sales to the amount of about \$10,000 before the close of the year. Sales for the second year amounted to more than \$75,000; for the third year, more than \$80,000, and for the fourth year, nearly \$100,000, as will be noted by the figures in the following table:

Year	Eggs		Live poultry	
	No. of cases	Value	Pounds	Value
1924*	744	\$ 9,200	9,389	\$ 2,170
1925	6,062	67,483	33,762	10,099
1926	8,360	73,213	33,322	7,339
1927	12,391	95,650	16,983	2,944

\* From August 11 to January 31, 1925.

The number of patrons has increased during the four years until now about 165 poultry producers are served. In addition to its marketing activities, the association purchases cooperatively, supplies for its members.

SALES AGENCY SERVES FOUR PRODUCERS' ASSOCIATIONS

Egg sales by the Pacific Egg Producers Cooperative, Inc., New York City, amounted to \$14,083,735 in 1927. Poultry sales were \$254,981, making total sales \$14,338,716. One million, two hundred sixteen thousand and eighty-eight cases, about 36,482,600 dozen of eggs, and 843,084 pounds of poultry were sold. The above quantity of eggs was more than three times the quantity marketed by this cooperative in 1923, the second year that it operated. The expense of marketing was \$291,403, which was less than the withholdings from sales to meet the cost of marketing.

This cooperative was created in 1922 to act as a sales agency for several producer cooperatives in California, Oregon and Washington. In 1927 it served four Pacific Coast Producer organizations with nearly 10,000 members.

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POULTRY AND EGG BUSINESS INCREASED THREEFOLD

A larger quantity of eggs was marketed through the Porterville Poultry Association, Porterville, Calif., in 1927 than ever before. The quantity of poultry handled, however, was less than for 1926, as will be noted by the following figures:

Year	Eggs marketed		Live poultry	
	Cases	Value	Pounds	Value
1923	5,000	\$50,000	120,000	\$25,000
1924	4,800	50,000	150,000	35,000
1925	7,731	80,163	77,477	19,413
1926	10,042	86,514	100,805	25,483
1927	12,694	93,811	88,029	19,897

Baby chicks were sold as follows: 1926, 25,572 chicks, \$3,770; 1927, 30,308 chicks, \$4,498.

Feeds and poultry supplies to the value of \$200,648 were sold to members in 1927.

This association which was formed in 1920 has increased the volume of business transacted about threefold in the eight years that it has been operating.

REFUND BY OKLAHOMA COOPERATIVE GIN

Net earnings of the Farmers' Union Cooperative Gin, Snyder, Okla., amounted to \$2,176 for the 1927-28 season. Eight hundred eighty-six bales of cotton were turned out, of this number 443 were for stockholders who received a patronage refund of \$4.80 a bale. The association began operating November 22, 1927. Its land, buildings and equipment are valued at \$28,089. Outstanding capital stock on March 31, amounted to \$11,100.

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WORKING CAPITAL PROVIDED BY REVOLVING FUND

Eleven thousand cotton growers who delivered cotton of the 1922 crop to the Alabama Farm Bureau Cotton Association have received a refund of \$37,000, this being the amount of the reserve in connection with the marketing of that crop. The reserve accumulated in connection with the marketing of the 1923 crop will be returned in 1929, and so on. One-half of one per cent of the proceeds from the sale of cotton is withheld each marketing season for working capital. When the total amount in the reserve is larger than necessary the amounts deducted are returned in the order in which they were deducted. In this way the capital needed for operation is furnished by those using the services of the association in proportion to the value of the cotton which they market through the organization.

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WAREHOUSE DEMONSTRATIONS FOR PACIFIC WOOL PRODUCERS

Warehouse meetings were held by the Pacific Cooperative Wool Growers, Portland, Ore., during June and July, for groups of members and wool producers from the various wool producing counties of Washington and Oregon. Each county was assigned a day and the growers were organized into auto caravans for the trip to Portland. Educational programs were carried out at the central plant. The producers were shown exactly how wool and mohair is handled by this cooperative. They were given an opportunity to see the incoming cars of wool unloaded, the wool weighed, marked for identification, graded and assembled into mill-sized lots. They also inspected the sales room where samples of the wools offered for sale were on display.

Members and wool growers in each county were advised by mail as to the day set aside for their county, and were urged to take advantage of the opportunity to obtain first hand information as to the methods used in the cooperative marketing of this product.

PECAN EXCHANGE HAS DISPOSED OF TWO CROPS

At the annual meeting of the National Pecan Growers' Exchange, held May 15 at Albany, Ga., the president reported that "the Exchange was never in so strong a trade position as to-day." This he attributed largely to the accomplishments of last year when the Exchange disposed successfully of the heavy carry over from the 1926 crop and also sold the 1927 nuts in record time. Handling the 1926 carry over was exceptionally difficult because nearly 700,000 pounds of nuts were delivered too late for the holiday trade. The development of methods of cold storage for pecans and convincing the trade of the practicability of such storage, is considered one of the recent achievements of the National organization.

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WISCONSIN TOBACCO POOL REPORTS PROMPT PAYMENTS

The manager of the Northern Wisconsin Cooperative Tobacco Pool, Madison, states that the organization has established a new high record this year for sales and cash payments to members. A very large part of the 1927 crop was sold in the bundle and the Pool was able to make large payments promptly. A second payment of about \$20,000 on southern tobacco being sorted and packed, was distributed on May 19, bringing the advances up to 12 cents a pound on receiving weights.

To date the members have received 13.4 cents a pound on their KI grade of stemming tobacco, 34 cents for the best grade of northern sorting tobacco, and 31 cents for the best grade of southern sorting tobacco sold in the bale.

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SIXTY MEETINGS TO AID BEAN GROWERS CAMPAIGN

Farmers and farmers' wives of Colorado have recently had opportunities to learn more about pinto beans and the methods by which this and other crops can be marketed by farmers' organizations. More than 60 meetings have been held in connection with the membership campaign of the Colorado Bean Growers' Association, Denver. One-day schools of cooperative marketing and evening meetings were held under the auspices of the State Director of Markets. The second part of the program is to sign up new members to the association, with the goal set at 5,000.

The drive for membership will be made by team workers in the various districts into which the bean-producing area has been divided. These teams are composed of directors and active members of the association.

A COOPERATIVE BUYING ASSOCIATION IN MINNESOTA

Nearly 500 farmers and village people in the vicinity of Hayfield, Minn., are being served by the Hayfield Lumber Company, which was incorporated March 18, 1907. The first year that the company operated, its total sales were \$14,464, made up of merchandise sales of \$12,547, and coal sales of \$1,916. During 1927 total sales were \$43,188, about evenly divided between merchandise and coal. The best year of the 21, in which the association has been operating, was 1915, when sales amounted to \$89,136, the greater part of which represented merchandise. The second best year was 1920, with sales of \$77,751, and the third best year, 1914, with sales of \$77,157.

Net earnings have ranged from nothing to more than \$9,000 in 1915. In 1917 there was a deficit, the only time in the history of the enterprise.

At the close of the last fiscal year of the association, outstanding capital stock amounted to \$16,060 and undivided profits, to \$28,749.

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MAINTAINS A FUND FOR EDUCATIONAL WORK

A typical farm store is conducted by the Orr Farmers' Cooperative Trading Company, Orr, the center of a small farming community in Northern Minnesota. This enterprise was started in 1920 by a few enthusiastic cooperators and has been slowly growing. Sales have been as follows: 1922, \$33,491; 1923, \$47,374; 1924, \$59,586; 1925, \$66,817; 1926, \$66,885; 1927, \$70,228. A statement for the six months ending April 28, 1928, gives net sales of \$35,082, with additional sales of \$13,962 for a branch store.

The number of participants in the enterprise has increased from year to year. On January 1 last, there were 228 shareholders and the number of patrons was 300.

The stock of merchandise, with an average value of \$12,400, is turned over from five to six times during the year. Expenses for the six-months period ending April 28, were 11.34 per cent of sales and net earnings amounted to 4.83 per cent of sales. The net worth of the company on April 28, was \$29,080, including \$7,191 set aside for a patronage dividend. Land, buildings, and equipment have a depreciated value of about \$13,500.

An educational fund is maintained for the purpose of perpetuating the cooperative idea. Printed matter is distributed and lectures and addresses given.

COOPERATIVE BUYING IN CANADA

Statistical information for 24 independent purchasing associations in Canada for 1927 has been made available by the Canadian Co-operator. Nine of the associations are in Saskatchewan, 5 in Ontario, 4 each in British Columbia and Alberta, and 2 in Nova Scotia. The oldest association has been established more than 21 years; twelve of the associations have been functioning for ten or more years; and all but two of the associations have been operating for more than five years.

These associations have a total membership of 8,914. The total amount of share capital at the close of 1927 was \$488,297. In addition there was \$184,530 of loan capital. The reserve funds at the close of 1927 amounted to \$228,504, and the stocks of goods on hand were valued at \$554,101. Sales for 1927 amounted to \$4,481,574, which was an increase over the previous year of \$676,349.

Net earnings are reported as \$283,777, and patronage dividends of \$227,733 were paid. The rates for patronage dividends varied from 1 per cent to 11 per cent. In the case of one of the larger of the cooperative enterprises these dividends amounted to \$165,671. Interest was paid on capital at rates varying from 5 to 8 per cent. Five of the associations paid 5 per cent; 6 associations, 6 per cent; 2 associations, 7 per cent; and 7 associations, 8 per cent.

There were 280 employees who received during 1927, \$298,498 as salaries and wages.

These associations handled about all the different commodities purchased by farmers and village people. Twenty of the associations handled groceries, 16 dry goods, 15 hardware, 13 footwear, 11 flour and feed, 9 fuel, 8 binder twine, 6 building material, 4 machinery and implements, 4 meat, 3 men's furnishings, 3 drugs. The following commodities were handled by one or two associations: paint, harness, greases fancy goods, tobacco, seeds, crockery, hides, barbed wire, fence posts, oils, and bakery goods. Among the farm products sold were eggs, butter, potatoes, hay, blue berries, fuel, wood, and railroad ties.

In addition to the business by the 24 associations there was a large volume of cooperative buying by the United Grain Growers, Ltd., Winnipeg, Man., a marketing association with 35,000 members. The principal commodities purchased were, coal, flour, binder twine, fencing, oils, and greases. This association has share capital of \$2,979,078, and a reserve of about \$3,500,000. Sales for the year are given as \$2,312,218.

LUMP SUM LIQUIDATED DAMAGES UPHELD

Although California is generally regarded as the home of cooperation, it was not until 1923 that cooperative associations were by statute entitled to the remedies of injunction and specific performance in that state. In fact, the Supreme Court of California, in 1922, in the case of *Poultry Producers of Southern California v. Barlow*, 189 Cal. 278, 208 P. 1923, held that that association was not entitled to a decree for the specific performance of its contract and indicated that this was true of associations generally in that state. As indicated, in 1923 the state enacted a cooperative statute which entitled associations to the remedies of injunction and specific performance.

In the recent case of the *Colma Vegetable Association v. Bonetti*, decided by a district court of appeal of California, 267 P. 172, the court held that the association was entitled to both of the remedies specified by reason of the statute. Referring to the statute, the court said: "By this enactment the Legislature has granted to cooperative marketing associations the remedies of injunction and specific performance and deliberately abrogated all contradictory legislation and judicial determinations." It was agreed in the contract that it would be impracticable to determine the actual damages in any case and the contract specified that in the event grower breached his contract, he should pay \$1,000 to the association as liquidated damages. The trial court disregarded the provision for liquidated damages included in the contract of the association and held that the association was simply entitled to \$500 as liquidated damages. In this connection the court said:

We know of no law that would justify the trial court in fixing an arbitrary amount as damages in contravention of the terms of the agreement made by the parties. This conclusion is confirmed by the cases hereinbefore cited, *Poultry Producers v. Murphy*, *supra*, and *Consolidated Lumber Co. v. City of Los Angeles*, 33 Cal. App. 698, 166 P. 385. With respect to this phase of the case the judgment is erroneous. The judgment is modified by changing the \$500 allowed plaintiff to \$1,000, and, as so modified, the judgment is affirmed, plaintiff to recover costs on appeal.

It is believed that this is the first instance in which the courts have passed upon a cooperative marketing contract that specified a lump sum to be paid by the member as liquidated damages. An objection to this method is that it requires the payment of the same amount whether the violation is a "small or serious" one.

L. S. Hulbert.

SALE TO LANDLORD DID NOT EXCUSE PERFORMANCE

In the case of the Kansas Wheat Growers' Association v. Brooks, decided by the Supreme Court of Kansas, 263 P. 787, it appeared that a tenant was a member of the association. He was indebted to his landlord on account of a one-half interest in the equipment and livestock on the farm which he had purchased from him.

Under the terms of the lease the tenant was entitled to receive one-half of the net returns from the farm. The tenant sold 700 bushels of grain, one-half of the wheat grown, to his landlord to apply on the debt which he owed him. The association then brought suit to recover 25 cents per bushel for liquidated damages for the grain thus sold, and the Supreme Court of the State held that the association was entitled to recover this amount, and that the facts and circumstances involved, in no way relieved tenant from complying with his contract which required him to deliver to the association the wheat produced by him.

L. S. Hulbert.

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COUNTERCLAIM FOR LIQUIDATED DAMAGES ALLOWED

On May 1, 1928, the Court of Appeals of Kentucky decided the case of the Burley Tobacco Growers' Cooperative Association v. Boyd, 6 SW (2d) 241.

J. P. Boyd, Jr., brought action against the association for the balance he claimed was due him for tobacco delivered to the association and for which the association had delivered to him participation certificates, or receipts. It was asserted by Boyd that the association had sold all of the tobacco but had not accounted to him for the balance of \$301.10 derived from the sale thereof.

The answer of the association set out the quantity of tobacco Boyd had delivered to it, what it brought and what had been accounted for, and contended that the balance in its hands was only \$266.43. The association stated that Boyd,

after its organization, had made a contract with it by which he agreed to deliver to the association all the tobacco produced by or for him as the landlord or lessor during the life of the contract; that the association was to sell the tobacco and account to Boyd for the proceeds according to the contract.

The association pleaded by way of counterclaim that Boyd had failed to deliver to the association his 1925 and 1926 crops of tobacco, amounting to 14,400 pounds, and had sold the same to other persons in violation of his contract wherein 5 cents a pound was agreed upon as liquidated damages for all tobacco sold other than as provided in the contract. The association claimed, therefor, that it had been damaged in the sum of \$720 for which sum it asked judgment.

The court sustained a demurrer to the counterclaim and entered judgment in favor of Boyd. The association appealed.

The Civil Code of Kentucky states:

A counterclaim is a cause of action in favor of a defendant against a plaintiff or against him and another, which arises out of the contract, or transactions stated in the petition as the foundation of the plaintiff's claim, or which is connected with the subject of the action.

The foundation of Boyd's claim was the contract he made with the association. On what terms the association was to hold and sell the tobacco, what part of the proceeds it should keep or what part it should pay to him, were matters that could only be determined from the contract. His cause of action was upon the contract and likewise the counterclaim was based upon the contract.

The Court of Appeals stated that "the demurrer to the counterclaim was, therefore, improperly sustained" and the judgment of the court below in favor of Boyd was reversed.

H. M. Bain.

AN ASPARAGUS MARKETING ASSOCIATION IN MASSACHUSETTS

Sales by the Middlesex Asparagus Growers Association, Inc., Concord, Mass., for the 1927 season amounted to \$25,925 for the 18 members. The asparagus is packed according to rules formulated by the association, and is sold under the "Old North Bridge Brand," a suitable trade-mark being used. Although the grower is his own salesman the association is responsible for inspection service. Most of the produce is sold on the Boston market.

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ILLINOIS RED TOP SEED MARKETED COOPERATIVELY

Eight hundred and fifty growers of red top seed are served by the Egyptian Seed Growers' Exchange, Flora, Ill. During the marketing season ending with June 30, 1928, they delivered 2,629,859 pounds of seed to the association. After the seed had been cleaned, and some withdrawn by members for their own use, there was 1,691,882 pounds to be included in the seed pool. Gross sales amounted to \$179,294. Of this amount 85.87 per cent was returned to the growers. Operating expenses amounted to 12.91 per cent of gross sales. After other income and expenses were taken into consideration, there was a balance of \$829 as net earnings for the year.

At the close of the business year the association had a net worth of \$14,532, including a surplus of \$6,468.

Comparative figures on a per-pound basis for gross sales, operating costs, and net returns to the growers for the last four years are as follows:

Marketing year	Gross sales (Cents)	Operating cost (Cents)	Net returns to growers (Cents)	Seed handled (pounds)
1922-23	19.20	2.30	10.9	-----
1923-24	13.23	1.58	11.6	1,168,739
1924-25	12.30	1.65	10.65	-----
1925-26	28.28	3.30	24.98	746,152
1926-27	25.20	2.50	22.50	600,000
1927-28	11.19	1.47	9.10	2,629,859

The actual preparation of seed for marketing is handled through a subsidiary organization, the Red Top Growers' Warehouse Association, a capital stock organization. This company owns land, buildings, machinery, and equipment to the value of \$19,083. Net earnings of the warehouse company for the year ending June 30, were \$468.

OHIO ASSOCIATION SELLS DAIRY AND POULTRY PRODUCTS

During the first six months of 1928, the Fayette County Cooperative Marketing Association, Washington Court House, Ohio, sold for its members 664,283 pounds of whole milk, 30,178 pounds of butterfat, 46,146 pounds of poultry and 105,640 dozens of eggs.

The association was formed under farm bureau auspices in 1927 for the purpose of furnishing farm bureau members with a sure outlet for their surplus dairy and poultry products. The gross income of the association, for the portion of 1927 that it was operating, was \$13,664. Net earnings amounted to \$1,604.

The management plans to carry on educational work along with the marketing activities that the members of the association may prepare themselves for undertaking larger cooperative enterprises.

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WYOMING ASSOCIATION OPERATES ON SMALL MARGIN

Business transacted by the Big Horn Cooperative Marketing Association, Basin, Wyo., in the year ending February 29, 1928, amounted to \$525,862, an increase of more than \$100,000 over the previous year.

Products sold and their values were as follows: beans, \$316,889; turkeys, \$184,135; clover seed, \$4,525; poultry, \$1,812. Additional income came from handling machinery, twine and feed. Net earnings amounted to \$10,306 and net worth on February 29, was \$35,428.

The association was organized in 1923 and has reported steady growth in volume of business, the figures being as follows: 1923, \$85,000; 1924, \$185,000; 1925, \$350,000; 1927, \$525,000. During the years the association adhered consistently to the practice of deducting 2 per cent of the gross sales for a reserve which now amounts to \$35,000.

Operating expenses were reduced the past year to practically 3 per cent of gross sales. This meant that out of every dollar received by the association, 95 cents went to the growers, 2 cents to the reserve fund, and 3 cents for expenses of all kinds.

Considerable new machinery and equipment was acquired in 1927 and an adjoining building was purchased to give more warehouse and storage room. Facilities are now considered adequate for the present season.

There was a heavy carry over of both beans and sweet clover seed from the 1926-27 season.

The association now has 825 members and serves about 1,100 farmers.

REPORTED BY THE ASSOCIATIONS

Members of the Alabama Farm Bureau sold 2,355 lambs cooperatively at the Union Stock Yards, Montgomery, Ala., June 19. The sales brought the producers approximately \$13,000.

Thirty one-day cooperative schools have been held in the territory served by the Colorado Bean Growers Association, Denver. These schools were conducted by the association with the assistance of the Colorado Director of Markets. A sign-up campaign for memberships is now under way.

With operating expenses of only \$638 the Humbolt County Vetch Growers' Association, Carlotta, Calif., sold 418,485 pounds of purple vetch during the 1927 season. This quantity included about 60,000 pounds of seed carried over from the 1926 season. Growers were paid \$31,386, which was a return of about  $7\frac{1}{2}$  cents a pound.

The Des Moines Cooperative Dairy Marketing Association, Des Moines, Iowa, moved into a new plant in May. The first day it received 80,000 pounds of milk and was soon handling over 90,000 pounds. Sweet cream is now being shipped in car load lots direct to buyers in the east, whereas heretofore it has been marketed through brokers in the producing region.

From January to May 31, the Central Livestock Cooperative, Ltd., St. Boniface, Manitoba, handled 444 cars of livestock. Two hundred thirty of these originated in Manitoba, 211 in Saskatchewan and 3 in Alberta. This terminal market livestock sales agency began operating about January 1, with the purpose of serving the various livestock marketing associations in the three provinces.

Wisconsin tobacco growers who are not members of the Northern Wisconsin Cooperative Tobacco Pool, Madison, still have until July 31, to sign contracts. After that date the books will be closed for the 1928 marketing season. This plan was adopted at the last annual convention of pool delegates, when the delegates present voted to keep the books closed except for one open period each year, at such time as the board of directors should determine.

Ten car loads more of eggs were handled by the Manitoba Cooperative Poultry Marketing Association, Ltd., Winnipeg, Canada, in the 1928 pool than in the one for the previous year. Shipments for the marketing season averaged a car load a day. Net prices to producers for eggs in the 1928 pool were: extras, 26¢; firsts, 24¢; seconds, 20¢; and cracks, 19¢. It is also reported that 224 new membership contracts have been received so far the current season.

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